

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 TRSE-00 L-03 EB-07 SS-15 NSC-05 FRB-03
SEC-01 OMB-01 COME-00 H-01 SP-02 CIAE-00 INR-07
NSAE-00 PA-01 PRS-01 INRE-00 NSCE-00 SSO-00 /060 W
----- 043983 /41
O 171242Z DEC 76
FM AMEMBASSY BUDAPEST
TO SECSTATE WASHDC IMMEDIATE 7561

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E.O. 11652: N/A
TAGS: EFIN, HU
SUBJECT: WORLD WAR I FLOUR DEBT; HUNGARIAN NOTE

REF: STATE 305385

1. EMBASSY GRATEFUL FOR FLEXIBILITY AND CHANGES PROVIDED
REFTEL TO USG DRAFT NOTE. EMBASSY FULLY AGREES WITH DEPART-
MENT THAT USG HAS NOW PLACED ONUS FOR ACTION SQUARELY ON
GOH, AND HAS INFORMED HUNGARIAN MINCKTUB OF FINANCE ABOUT
CHANGES TO USG NOTE AND FIRM DECEMBER 20 DEADLINE.

2. REFTEL AS RECEIVED CHANGED USG NOTE JZPARA 1.G OF
BUDAPEST 4180) CONCERNING ANNEX TO READ"...PAYMENTS DUE
UNDER THE AGREEMENT OF APRIL 25, 1924 THROUGH DECEMBER 25,
1985." EMBASSY ASSUMES DECEMBER 25 FIGURE TYPOGRAPHICAL
ERROR AND PROPER DATE REMAINS DECEMBER 15.

3. TEXT OF PROPOSED GOH NOTE FOLLOWS: QUOTE:
THE MINISTRY OF FOREIGN AFFAIRS OF THE HUNGARIAN
PEOPLE'S REPUBLIC PRESENTS ITS COMPLIMENTS TO THE EMBASSY
OF THE UNITED STATES OF AMERICA IN BUDAPEST AND HAS THE
HONOR TO REFER TO THE EMBASSY'S NOTE NO. (BLANK) DATED
DECEMBER 20, 1976.
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THE GOVERNMENT OF THE HUNGARIAN PEOPLE'S REPUBLIC
TAKES THIS OPPORTUNITY TO STATE ITS AGREEMENT WITH THE
CONTENTS OF THE EMBASSY'S NOT NO. (BLANK) AND ITS
ANNEX, DATED DECEMBER 20, 1976. IN THIS REGARD, THE
GOVERNMENT OF THE HUNGARIAN PEOPLE'S REPUBLIC UNDERTAKES

TO PAY TO THE GOVERNMENT OF THE UNITED STATES OF AMERICA,
BY DEPOSITING TO THE GENERAL FUND ACCOUNT OF THE UNITED
STATES DEPARTMENT OF THE TREASURY AT THE FEDERAL RESERVE
BANK OF NEW YORK NOT LATER THAN DECEMBER (BLANK), 1976,
THE SUM OF OUR MILLION, THREE HUNDRED TWENTY-SEVEN THOUSAND,
TWO HUNDRED SEVENTY-ONE AND FORTY-FOUR ONE-HUNDREDTHS UNITED
STATES DOLLARS/US DOLLARS \$4,327,271.44/ AS PAYMENT IN FULL
OF ALL OBLIGATIONS OF THE GOVERNMENT OF THE HUNGARIAN
PEOPLE'S REPUBLIC TO THE GOVERNMENT OF THE UNITED STATES OF
AMERICA DUE AS OF DECEMBER 15, 1976 PURSUANT TO THE AGREEMENTS
DATED APRIL 25, 1924 AND MAY 27, 1932.

FROM THE EMBASSY'S NOTE NO. (BLANK) THE GOVERNMENT OF
THE HUNGARIAN PEOPLE'S REPUBLIC UNDERSTANDS, THAT UPON
NOTICE FROM THE FEDERAL RESERVE BANK OF NEW YORK THAT
\$4,327,271.44 HAS BEEN DEPOSITED TO THE GENERAL FUND
ACCOUNT OF THE UNITED STATES TREASURY, THE GOVERNMENT OF
THE UNITED STATES WILL RETURN TO THE EMBASSY OF THE
HUNGARIAN PEOPLE'S REPUBLIC IN WASHINGTON, D.C. BONDS
OF THE GOVERNMENT OF HUNGARY MATURING ON OR PRIOR TO
DECEMBER 15, 1976, PURSUANT TO THE AGREEMENTS OF 1924
AND 1932.

WITHIN FIVE DAYS AFTER RECEIPT OF THE NOTICE OF THE
ABOVE DEPOSIT TO THE FEDERAL RESERVE BANK OF NEW YORK,
THE UNITED STATES DEPARTMENT OF THE TREASURY WILL ISSUE
PUBLIC NOTIFICATION THAT THE RESTRICTIONS OF THE JOHNSON
ACT/U.S. PUBLIC LAW 80-772/ NO LONGER APPLY TO HUNGARY.
THE U.S. SECURITIES AND EXCHANGE COMMISSION/SEC/, UPON
OFFICIAL NOTIFICATION BY THE U.S. DEPARTMENT OF THE
TREASURY THAT THE GOVERNMENT OF HUNGARY HAS PAID ALL CURRENT
ARREARAGES, WILL PUBLISH A NOTICE RESCINDING ITS RELEASE
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NO. 10610 DATED JANUARY 22, 1974. THE U.S. DEPARTMENT
OF THE TREASURY WILL SO INFORM THE SEC WITHIN THREE DAYS
AFTER RECEIPT OF NOTICE OF THE ABOVE DEPOSIT.

THE MINISTRY OF FOREIGN AFFAIRS OF THE HUNGARIAN PEOPLE'S
REPUBLIC AVAILS ITSELF OF THIS OPPORTUNITY OF CONVEY TO
THE EMBASSY OF THE UNITED STATES OF AMERICAN RENEWED ASSURANCES
OF ITS HIGHEST CONSIDERATION. END QUOTE.

4. GOH HAS INITIALLY PROPOSED PAYMENT DATE OF DECEMBER 24
AND IS DOUBLE CHECKING WITH HUNGARIAN NATIONAL BANK.
LATEST PAYMENT DATE UNDER CONSIDERATION IS DECEMBER 27.

5. UNLESS DEPARTMENT INSTRUCTS EMBASSY TO CONTRARY
PRIOR TO 0900 HOURS BUDAPEST TIME DECEMBER 20,
EMBASSY WILL ASSUME THAT GOH NOTE ACCEPTABLE AND THAT
CORRECT DATE REFERRED TO IN PARA 2 ABOVE IS DECEMBER 15
REPEAT DECEMBER 15, 1985 AND NOT DECEMBER 25, 1985.
MUDD

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Message Attributes

Automatic Decaptioning: X
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Disposition History: n/a
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Margaret P. Grafeld
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